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AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

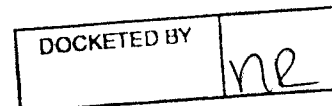
RAYMOND R. PUGEL AND JULIE B.
PUGEL, husband and wife as trustees of THE
RAYMOND R. PUGEL and JULIE B. PUGEL
FAMILY TRUST,
and
ROBERT RANDALL and SALLY RANDALL,
husband and wife
Complainants,
v.
PINE WATER COMPANY, an Arizona
Corporation
Respondent..

DOCKET NO. W-03512A-06-0407

REBUTTAL TESTIMONY OF RAY PUGEL

Arizona Corporation Commission
DOCKETED

JUL 24 2007



ASSET TRUST MANAGEMENT, CORP.
Complainants,
v.
PINE WATER COMPANY, an Arizona
Corporation
Respondent.

DOCKET NO. W-03512A-06 -0613

JAMES HILL and SIOUX HILL, husband and
wife and as trustees of THE HILL FAMILY
TRUST,
Complainants,
v.
PINE WATER COMPANY, an Arizona
Corporation
Respondent.

DOCKET NO. W-03512A-07-0100

1 **BRENT WEEKES,**
2 **Complainants,**
3 **v.**
4 **PINE WATER COMPANY, an Arizona**
5 **Corporation**
6 **Respondent.**

DOCKET NO. W-03512A-07-0019

7 **Did you ask Pine Water Company to provide water service to your property?**

8 **Yes**

9 **Did Pine Water Company initially refuse to provide such service?**

10 **Yes**

11 **Did Pine Water Company give you any kind of indication when it would be able to provide such**
12 **service?**

13 **NO**

14 **Did Pine Water Company provide you with two “will serve” letters concerning the property?**

15 **YES**

16 **Did either of those letters indicate a time frame as to when such service would be available?**

17 **NO**

18 **Did either of those letters indicate that you would have to make a substantial, but unspecified**
19 **investment to provide for the costs incurred by Pine Water Company for studies, engineering and**
20 **legal fees?**

21 **YES**

22 **Did either of those letters guarantee or warranty the Pine Water Company, even if you provided it**
23 **the water, would be able to provide such service?**

24 **NO**

25 **Did either of those letters indicate that it would require an amendment or variance or change to**
26 **the regulations or orders of the Arizona Corporation Commission for Pine Water Company to**
27 **provide service to you?**

28 **YES**

1 Did either of those letters guarantee that if you invested the money to do all the work necessary
2 that you would with certainty obtain approval from the Arizona Corporation Commission and be
3 allowed to make the connection to the Pine Water Company water system?

4 NO

5 If at the end of today your property was excluded from the CC&N of Pine Water Company would
6 you be able to provide it water service?

7 YES

8 If at the end of today your property was not excluded from the CC&N of Pine Water company
9 would they be able to provide it water service?

10 NO

11 Mr. Hardcastle indicates that there is a need for regulation of the provision of domestic water
12 service to protect the public. Do you believe that Pine Water Company is providing adequate
13 service to the property owners in Pine?

14 No

15 DOES PINE WATER COMPANY PROVIDE SERVICE TO CUSTOMERS IN THE VICINITY
16 OF YOUR PROPERTY? IF SO, WHERE?

17 Pine Water Company presently provides water service to properties on three sides of the property we
18 have proposed for use as an RV park. The property we have proposed for use as Condos has a main
19 water line running down the street and customers across the street from it.

20 MR. HARDCASTLE ON PAGE 2 LINE 24 OF HIS TESTIMONY INDICATES THAT YOU
21 ARE ASKING FOR SPECIAL TREATMENT; IS THAT TRUE?

22 We do not want special treatment, we want to be like Portal 4, Solitude Trails, Strawberry Hollow and
23 the Downtown water system who have no shortages and superior infrastructure with fire hydrants.

24 HAS ANYONE FROM PINE WATER COMPANY APPROACHED YOU REGARDING
25 SELLING THE WATER IN THE MILK RANCH WELL TO PINE WATER COMPANY?

26 No.

27 HAVE YOU EVER ENGAGED IN DISCUSSIONS WITH MR. HARDCASTLE PERTAINING
28 TO WORKING COOPERATIVELY WITH PINE WATER COMPANY?
29

1 Yes, Mr. Hardcastle informed me one time that he prefers to work in an adversarial and confrontational
2 manner rather than a cooperative manner and I found that to be both distasteful and an unprofessional
3 approach.

4 **Other than the Will Serve letters tendered upon you by Pine Water Company, has anyone from**
5 **Pine Water Company sought to meet with you concerning using the water from the Milk Ranch**
6 **LLC Well to provide water to you?**

7 No

8 **HAVE YOU EVER PUBLICLY STATED THAT THERE WOULD BE NO CONSERVATION**
9 **REQUIREMENTS FOR WATER WITHIN THE PROPERTY YOU ARE SEEKING TO**
10 **DELETE FROM THE PINE WATER COMPANY CERTIFICATE OF CONVENIENCE AND**
11 **NECESSITY?**

12 NO

13 **DO YOU DISAGREE WITH MR. HARDCASTLE'S STATEMENT ON PAGE 4 LINES 2**
14 **THROUGH 8 CONCERNING WHETHER OR NOT YOU HAVE SUFFICIENT LONG TERM**
15 **SUSTAINABLE SUPPLIES OF WATER.**

16 Yes, we have performed all tests to comply with the Arizona Department of Water Resources
17 requirements to get a 100 year adequacy for this well.

18 **HAVE YOU WITHHELD ANY INFORMATION FROM PINE WATER COMPANY?**

19 No, that is a biased, false and misleading statement on the part of Mr. Hardcastle. We have provided
20 him with all the information that we have. Statements such as that contribute to the reason that we are
21 unwilling to deal with Pine Water Company.

22 **HAVE YOU REVIEWED THE PLAN SUBMITTED BY PINE WATER COMPANY TO THE**
23 **ARIZONA CORPORATION COMMISSION?**

24 Yes

25 **WHAT WAS PINE WATER COMPANY'S SOLUTION TO THE WATER PROBLEM?**

26 Hauling water.

27 **MR. HARDCASTLE ON PAGE 8 LINE 18 STATES THAT THE MILK RANCH LLC WELL IS**
28 **THE FIRST KNOW DEEP WELL DRILLED IN PINE. IS THAT TRUE?**

29 No, it is the second deep well, the SH3 LLC well was drilled first.

1 HAVE YOU SEEN ANYTHING IN WRITING FROM PINE WATER COMPANY WHICH
2 INDICATES THAT THEY WOULD PURCHASE THE WATER FROM YOUR WELL WHICH
3 THEY ARE ASKING THAT YOU DONATE TO THEM?

4 NO

5 IF YOU MADE A CONTRIBUTION IN AID OF CONSTRUCTION AND IT WAS TO
6 PROVIDE YOU A RETURN OF 10% OF THE REVENUES FOR TEN YEARS EARNED OFF
7 THE PROPERTY YOU DONATED, AND IF AT THE END OF THE TEN YEARS YOU HAD
8 BEEN REPAID LESS THAT THE FULL VALUE OF THE PROPERTY, BUT THE
9 PROPERTY WOULD THEN BE CATAGORIZED AS A CONTRIBUTION TO
10 CONSTRUCTION, OR A GIFT TO PINE WATER COMPANY WOULD YOU BE SATISFIED?

11 No

12 WHY NOT?

13 Because then Pine Water Company would be effectively taking my property for public use without
14 compensating me for the value of what was taken.

15 DO YOU BELIEVE THAT PINE WATER COMPANY HAS A TENUOUS SUPPLY OF
16 WATER?

17 Yes, I do. Pine Water Company relies upon a number of terminable well sharing agreements to provide
18 water service in Pine. Further, it relies upon that fact that many of the homes are second homes and use
19 minimal water. The well sharing agreements can be terminated, thus leaving Pine Water Company
20 without a source of water. Once the persons who own homes as second homes make them their primary
21 residence this will impact the demand for water and exacerbate the existing shortages.

22 MR. HARDCASTLE, IN HIS TESTIMONY INDICATES THAT HE LACKS SUFFICIENT
23 SUPPLY OF WATER TO SUPPORT MORE STORAGE AT THIS TIME. HE THEN POINTS
24 OUT THE K2 PROJECT AS PROVIDING MORE SUPPLY. DO THOSE STATEMENTS
25 APPEAR TO BE CONTRADICTIONARY?

26 Yes.

27 OTHER THAN SENDING YOU TWO "WILL SERVE" LETTERS, TO YOUR KNOWLEDGE
28 HAS PINE WATER COMPANY APPROACHED YOU TO TRY TO WORK WITH THEM TO
29 RESOLVE THESE PROBLEMS?

No, I am still waiting for the telephone call.

DO YOU BELIEVE THAT WATER MAINS HAVE TO BE EXTENDED BY PINE WATER
COMPANY TO SERVE YOUR PROPERTY?

1 No, water lines are to the property at this time, an extension is not needed.

2 **DO YOU BELIEVE THAT THE CHARACTERIZATION OF THE MILK RANCH WELL AS**
3 **BEING IN AN ISOLATED PART OF PINE WATER COMPANY'S CC&N BY MR.**
4 **HARDCASTLE IS CORRECT?**

5 No, the Milk Ranch Well is located in the center of the CC&N.

6 **IS MR. HARDCASTLE CORRECT ON PAGE 23 LINE 23 WHERE HE STATES THAT "THE**
7 **DEVELOPERS DO NOT BELIEVE THEY SHOULD BE SUBJECT TO ANY SORT OF**
8 **CONSERVATION REQUIREMENTS" and PAGE 24 LINES 1 THROUGH 4 WHERE HE**
9 **STATES THAT "THESE DEVELOPERS WANT TO PROCEED, UNRESTRAINED, TO**
10 **DEVELOP THEIR PROPERTIES AND THEY DO NOT WANT TO PARTICIPATE IN**
11 **COMMUNITY WIDE CONSERVATION EFFORTS" ?**

12 No, Mr. Hardcastle once again is provided biased, false misinformation. This is not a belief which is
13 held. It appears that Mr. Hardcastle is resorting to slanderous attacks on our personal character to
14 advance his defense in this instance, which is another reason why we would not like to be forced to have
15 to do business with him.

16 **YOU ALSO READ AND REVIEWED THE TESTIMONY OF MR. NOEL?**

17 YES

18 **ON PAGE 5 LINES 6 THROUGH 10 MR. NOEL DISCUSSES PER CAPITA OR PER**
19 **CUSTOMER WATER USE. DO YOU AGREE WITH HIS STATEMENTS?**

20 Mr. Noel does not appear to have taken into account whether a customer is a permanent occupant or a
21 seasonal occupant of their property. That would make a difference in the amount of water which a
22 person uses.

23 **ARE SEPTIC SYSTEMS THE ONLY MEANS OF SEWAGE TREATMENT AVAILABLE FOR**
24 **RETURNING WATER OF A SUITABLE QUANTITY TO THE GROUNDWATER AQUIFERS**
25 **AS NOTED BY MR. NOEL ON PAGE 10 LINES 3 THROUGH 9?**

26 No there are other means of sewage disposal which would place high quality effluent back into the
27 aquifer which can be required by the county for new developments. Like Mr. Hardcastle, Mr. Noel is
28 making a biased misstatement by which it appears he is hoping to propagandize the reader of his
29 testimony.

30 **YOU REVIEWED THE TESTIMONY OF MR. HARDCASTLE AND MR. NOEL?**

31 YES

1 WAS THERE ANYTHING PRESENTED WHICH INDICATED THAT PINE WATER
2 COMPANY IS ABLE TO PROVIDE ADEQUATE WATER SERVICE TO YOUR PARCELS
3 OF PROPERTY WHICH ARE THE SUBJECT MATTER OF THIS PROCEEDING AT
4 REASONABLE RATES?

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NO

1 Original and 19 copies mailed/delivered
2 This 23rd day of July, 2007 to:

3 Arizona Corporation Commission
4 Attn: Docket Control
5 1200 W. Washington
6 Phoenix, AZ 85007

7 Copies of the foregoing mailed/delivered
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